

This record is a partial extract of the original cable. The full text of the original cable is not available.

UNCLAS SECTION 01 OF 02 KINGSTON 001757

SIPDIS

STATE FOR WHA/CAR/ (WBENT), WHA/EPSC (JSLATTERY)

SANTO DOMINGO FOR FCS AND FAS

TREASURY FOR L LAMONICA

E.O. 12958: NA

TAGS: [ECON](#) [EFIN](#) [JM](#)

SUBJECT: JAMAICA STRENGTHENS ECONOMIC TIES WITH CHINA

REF: KINGSTON 386

1. Summary: Recognizing China's emergence as an economic powerhouse and the attendant benefits to be derived, the GOJ led by Prime Minister PJ Patterson has moved to forge closer and stronger ties with the Government of China. The fledgling economic relationship between both countries received a fillip in February when a delegation of Chinese government and business officials visited Jamaica, culminating in the island receiving approved destination status. The economic ties were further strengthened in June when Patterson signed four bilateral agreements covering bauxite, education and technical cooperation during an official visit to China. These agreements should augur well for Jamaica's economic development, particularly at a time when the country is losing its preferential trade arrangements. End summary.

2. Although diplomatic and economic ties between Jamaica and China date back to 1972, there has only been a mushrooming of the economic relationship between both countries in 2005. This is not surprising given that Jamaica's preferential trading arrangements have been coming under immense pressure, while China has been trying to extend its sphere of influence. In February 2005, a Chinese delegation of government and business officials visited Jamaica for a four-day Trade Fair, the highlight of which was the granting of approved destination status to the island (REFTEL). With outbound Chinese visitors reaching almost 30 million in 2004, Jamaica can expect to grow its share of Chinese visitors by the end of 2005. Numbers apart though, Chinese visitors are important to Jamaica's tourism because of their long length of stay. Jamaica and China also signed twelve bilateral agreements during the trade fair. Buoyed by China's show of interest in Jamaica, the GOJ appointed its first resident ambassador to the People's Republic of China in April 2005. Seeking to capitalize on the country's renewed relationship with China, Prime Minister PJ Patterson, who currently chairs the Group of 77 of which China is a strategic member, made an official visit to China from June 19 to 24. Patterson and Chinese President Hu Jintao signed four bilateral agreements covering bauxite, education and technical cooperation.

3. With Chinese demand for high priced aluminum on the increase, China Minmetals Corporation agreed to pursue the feasibility of establishing a bauxite and alumina refinery in Jamaica. Due diligence and site visit for the 1.4 million ton per annum refinery has already taken place. The GOJ-led delegation also signed a memorandum of understanding (MOU) with China to undertake the development of professional skills in various fields of education, technical assistance for Chinese training and to facilitate cooperation between institutions of higher learning in both countries. The GOJ was also granted USD 1.3 million in aid to be used for the implementation of economic and technical projects. In a follow up to February's MOU, a Chinese delegation is set to visit Jamaica in July for further talks on the restoration of the rail service. The team is expected to assess the routes from a technical and engineering point of view and determine a date for the possible resumption of service. Under the agreement China would provide passenger coaches, including cargo wagons and locomotives.

4. Patterson also held discussions with Chinese entrepreneurs on the redevelopment of a Chinatown in Kingston. To this end, someone will be sent to work with Jamaica's Urban Development Corporation to see how the China Town concept could fit into the redevelopment of downtown Kingston. Patterson also used the opportunity to woo Chinese investors, by highlighting a number of positives in Jamaica. He pointed to Jamaica's stable economic climate as reflected in rising NIR, a stable currency and positive ratings by international rating agencies, which have culminated in increased foreign direct investment. In citing Jamaica as the ICT center for the Caribbean, he stated that telecoms liberalization has opened the way for access to services such as

broadband and Internet and fixed voice telephony. He said the expansion of the island's port facilities through a partnership with the Port Authority of Jamaica and China Ocean Shipping Group Company would establish Jamaica as a distribution hub for the export of Chinese goods to the Americas. Patterson also marketed a number of investment opportunities, chief among them the Highway 2000 project and a convention center in Montego Bay. The Chinese government has already agreed to provide concessionary financing for the construction of the convention center and a multi-purpose stadium in the western end of the island.

15. Comment: The visit of a Chinese delegation in February and more importantly the recent visit of Patterson to China could bring tangible economic benefits to Jamaica in the medium to long term. In particular, the island should benefit from China's ever increasing demand for aluminum, food and tourism services. Jamaica's already buoyant tourism industry should receive a further boost from the influx of Chinese visitors, with preliminary figures showing a jump in visitors from China since the approval of destination status. If the Chinese interest in reviving Jamaica's moribund railway service should bear fruit it would also bring immense economic and social benefits to the country by way of cheaper transportation and reduced traffic congestion. The possible establishment of a Chinatown would also provide a much-needed fillip for the stalled urban renewal effort. These developments should help to temper some of the dislocation expected from the dismantling of the island's preferential arrangements. End comment.

TIGHE